

# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

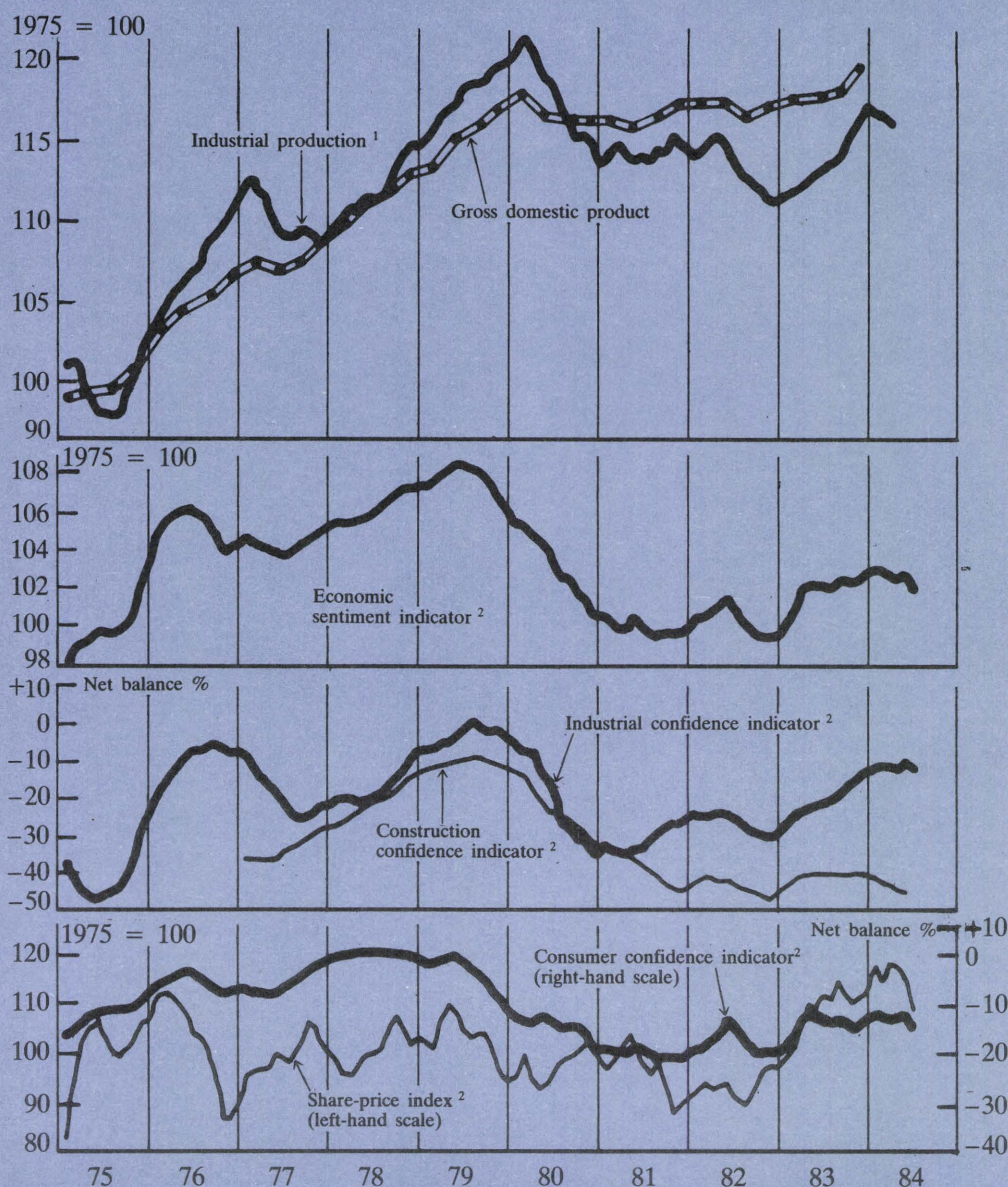
Supplement B — No 7 — July 1984

Business survey results

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*This month :  
industrial investment in 1983  
and prospects for 1984*

GRAPH 1 : Indicators of output and economic sentiment — European Community



For footnotes see pages 3 and 6.



**Further strengthening in industrial investment.** — European industry expects to increase its investment in 1984 by somewhat more than predicted in October/November 1983. The investment survey carried out in March/April 1984 thus confirms that private investment in manufacturing industry will be a buoyant component of the gradual economic recovery which is currently under way. At the EC level, the surveys suggest that manufacturing gross investment is likely to increase by 7.2% in real terms during 1984 (13% in current prices).

In volume terms investment is expected to be far stronger this year than in any year since 1970. This gives support to the Commission's economic forecasts which see investment in plant and machinery recovering strongly in 1984 (see Supplement A, June 1984). The final investment survey estimate for 1983 shows a fall of 2% in real terms.

The most recent survey results indicate a further increase in capacity utilization in the Community for the second quarter of 1984 to a level of 80,3%; there has been a steady recovery from a low point of 76,5% in the second quarter of 1983. Nevertheless, capacity utilization remains 3,1 percentage points under its last peak-level in the third quarter of 1979.

**Investment in the Member States.** — According to the revised estimates for 1983, investment fell in nominal terms in that year in Greece, Belgium and Ireland. In real terms, however, it fell in all Member States, except Denmark and the Netherlands. A very large fall was registered in real investment in Italy, Belgium, Greece and Ireland. France, Germany and the United Kingdom are each reported to have experienced small real declines.

By contrast, the investment prospects for 1984 in 7 of the 10 Member States in the March/April 1984 survey have been

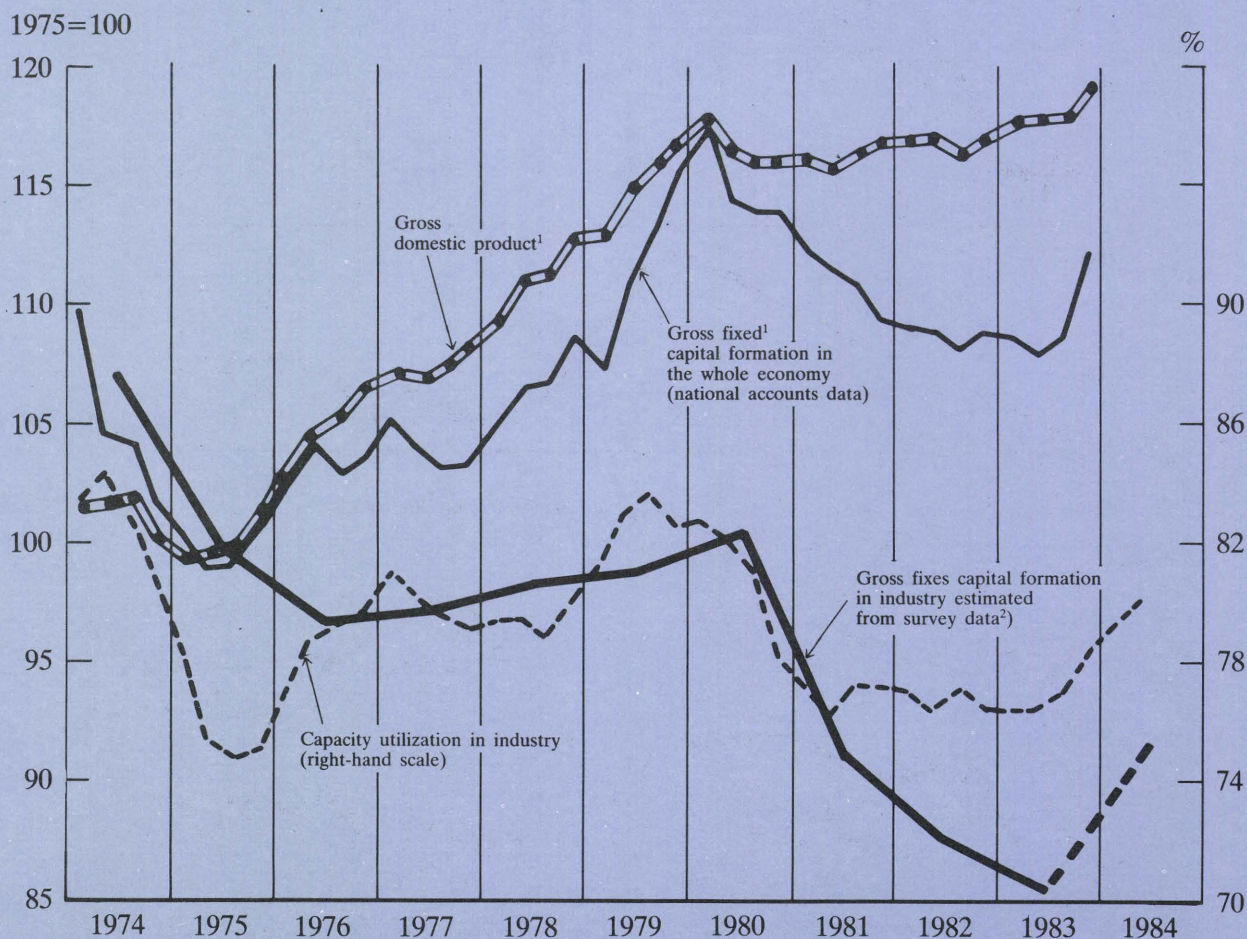
revised up by comparison with the October/November 1983 survey results (see Tables 2 and 3).

Although the October/November 1983 survey predicted growth rates in Denmark and in the Netherlands which were unprecedentedly high, they were revised up markedly in the March/April survey reaching + 60% in Denmark and + 29% in the Netherlands. In France, in the United Kingdom and in Belgium, investment in industry in 1984 is expected to increase by about 10% in real terms, while in the Federal Republic of Germany, Greece and Ireland, low but positive real growth rates are expected. In the Federal Republic of Germany where in October/November 1983 assessments for investment in industry for 1984 indicated no real increase (+ 2% at current prices) industrialists have revised their prospects (+ 5% at current prices) and expect now a growth rate of nearly 2% in real terms. In Italy, there is expected to be no change of industrial investment in 1984 by comparison with 1983 in real terms in spite of a rise in the estimates (at current prices from 8% to 11%) since the last survey.

**Investment intentions by industry.** — At the Community level, it is investment in the metallurgical industries which is expected to grow fastest, rising by 35% in value terms in 1984 (see Table 2). This is a further upward revision on the October/November 1983 results. This reflects notably further new investment in the steel industry in several Member States, especially in France (+ 83% in value for the whole metallurgical branch), in Germany (+ 23%), the United Kingdom (+ 21%) and the Netherlands (+ 29%).

In the mechanical industries, investment in 1984 is only expected to increase by 13% but nevertheless, this is a marked upward revision since the October/November survey. Increases are expected to be especially significant in the

**GRAPH 2 : Trend of industrial investment — European Community (business survey indicator)**



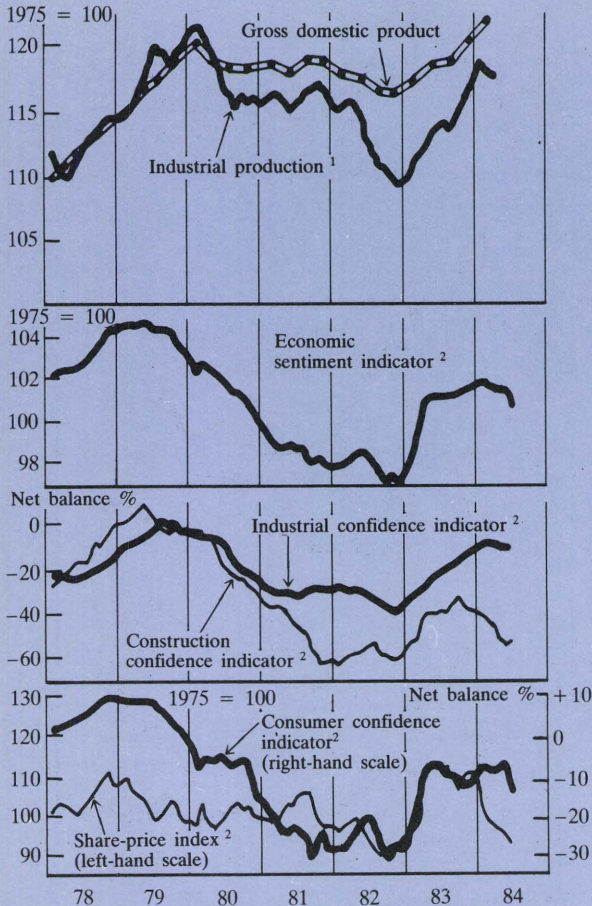
<sup>1</sup> Weighted average of national quarterly data provided by Germany, France, Italy and United Kingdom.

<sup>2</sup> For the construction of this index, see Supplement B No 8/9, September 1983. For 1983 and 1984, the values are calculated by dividing the last survey results available (see Table 1) by the forecasted deflator for gross capital formation.



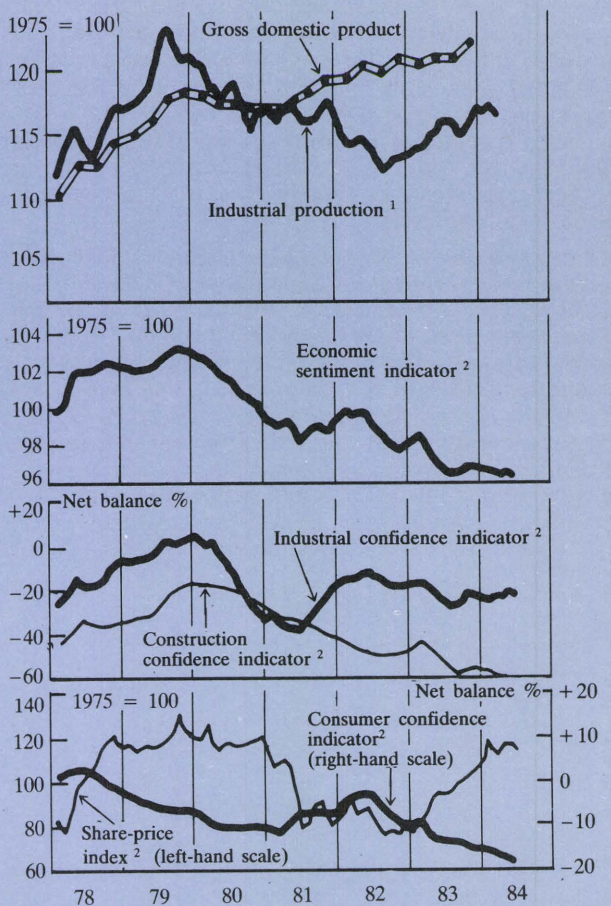
GRAPH 2 : Indicators of output and economic sentiment in seven Member States

### Federal Republic of Germany



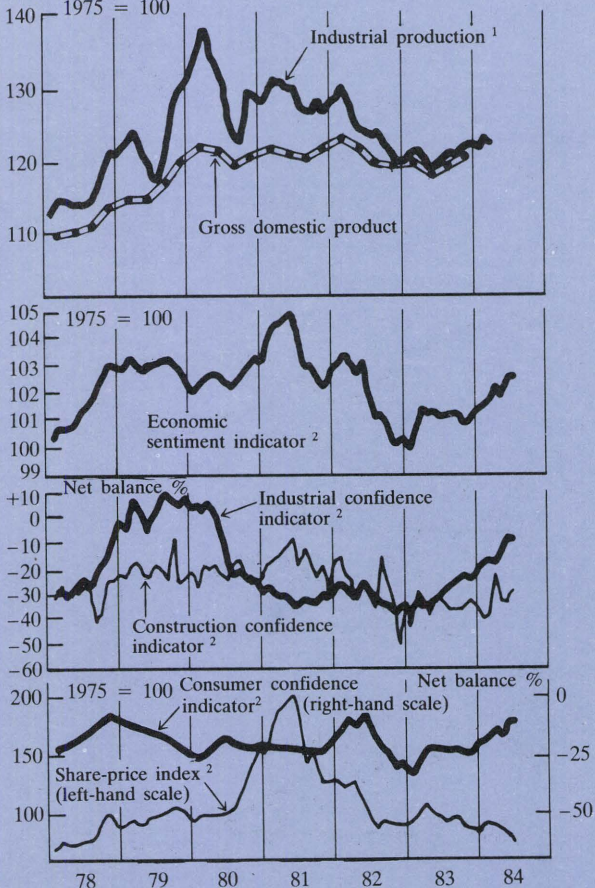
<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 4.

### France



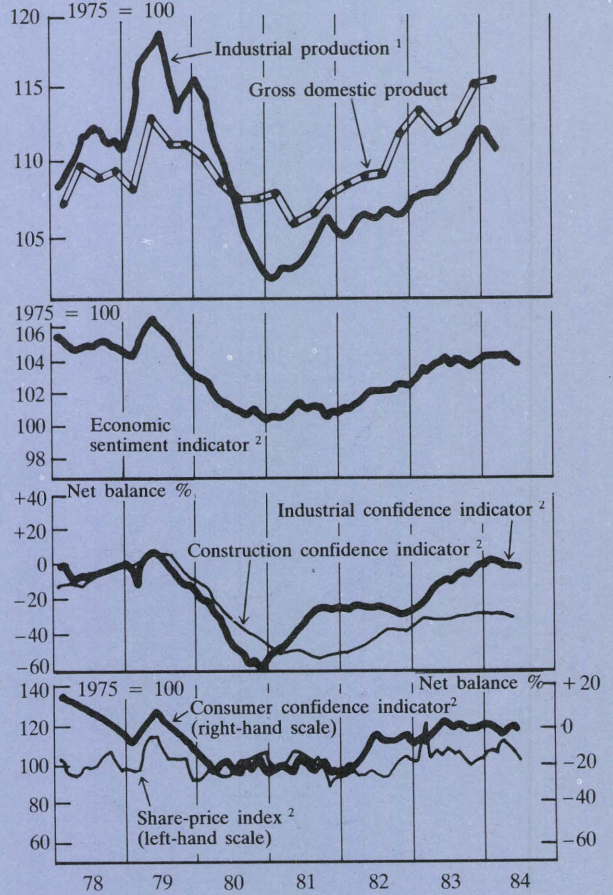
<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 4.

### Italy



<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 4.

### United Kingdom



<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 4.



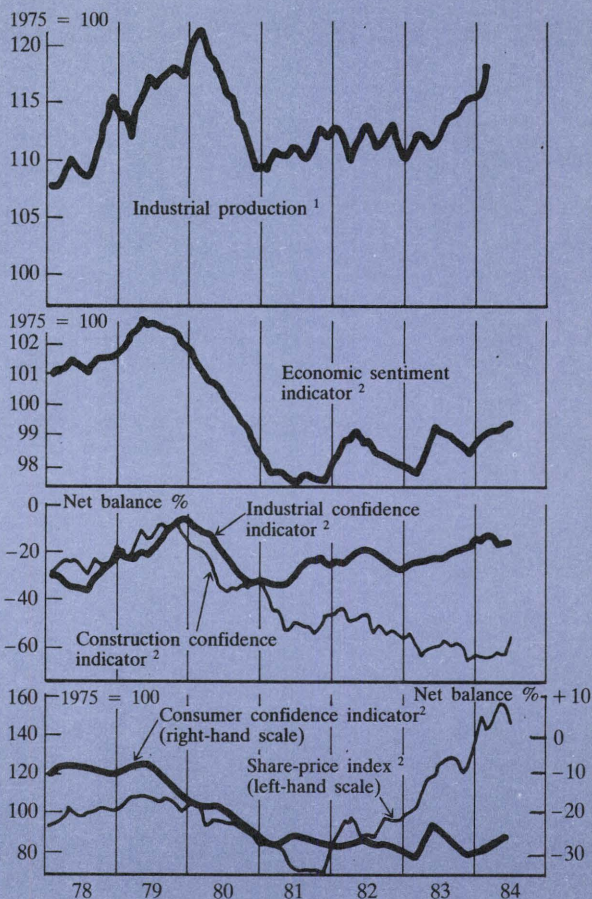
United Kingdom, the Netherlands, Belgium and Denmark, with smaller rises in France, Italy and Germany.

Investment in the basic materials industries have been revised up, too, by some 6 percentage points since the last survey. However, there has been little change in prospects in the processing industry between October/November 1983 and March/April 1984 with half of the Member States revising their forecasts of investment for 1984 up, and the other half down. Finally, investment estimates for 1983 in the food and drink industries have been revised upwards in comparison with the previous survey, but in contrast, the prospects for 1984 have deteriorated.

**Slight deterioration in economic sentiment.** — The economic sentiment indicator for the Community lost 0,7 points in June over May. The main reason was the sharp decline in consumer sentiment in Germany, due probably to the recent industrial disputes. The industrial confidence indicator in the Community as a whole remained at the same high level as in May and the construction confidence indicator was stable. It is too early to attempt an analysis of the fall in the economic sentiment indicator of 1 point since January, because of the effects on sentiment of industrial action in several Member States. With an end now to the strikes in Germany, a clearer picture should reestablish itself in the autumn.

13 July 1984

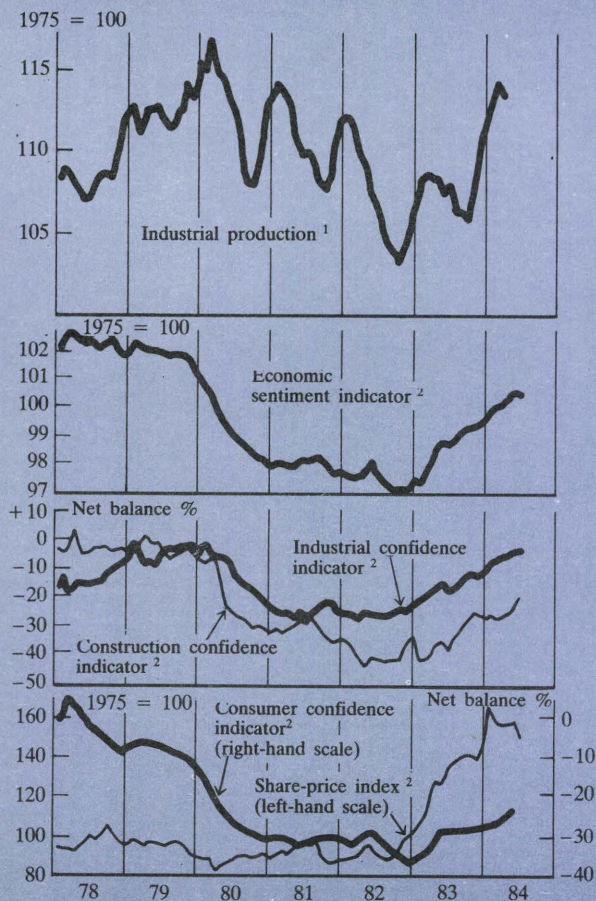
## Belgium



<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 4.

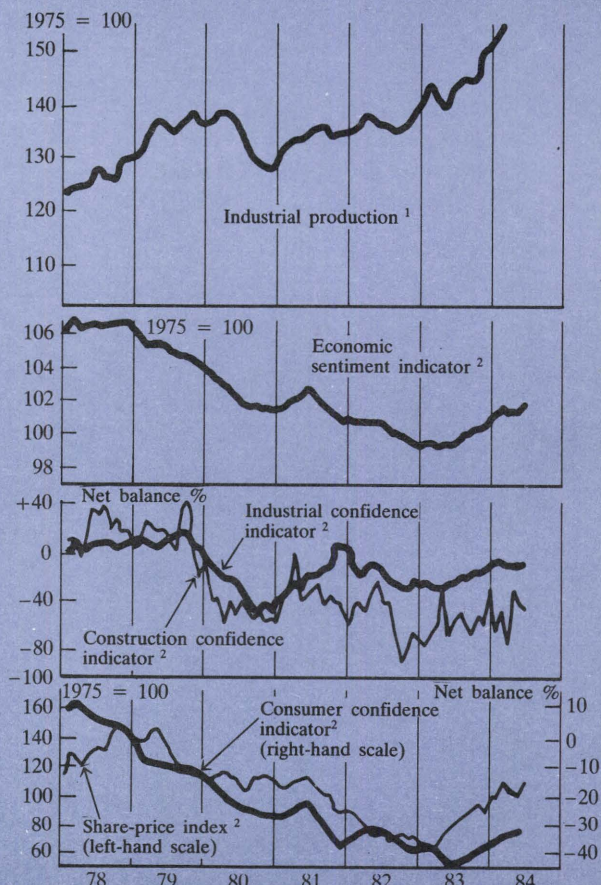
## The Netherlands



<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 4.

## Ireland



<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 4.

**TABLE 1 : Industrial investment in the EC manufacturing industry**

Dates of survey	A. % change in value in relation to preceding year								B. % change in volume relation to preceding year <sup>1</sup>							
	Years to which data relate								Years to which data relate							
	1977	1978	1979	1980	1981	1982	1983	1984	1977	1978	1979	1980	1981	1982	1983	1984
March/April 1977	12								3							
Oct./Nov. 1977	11	12							1	4						
March/April 1978	10	11							0	3						
Oct./Nov. 1978		9	13							1	2					
March/April 1979		9	14							1	3					
Oct./Nov. 1979			10	14							0	2				
March/April 1980			11	16							0	4				
Oct./Nov. 1980				13	6							1	-3			
March/April 1981				14	3							2	-1			
Oct./Nov. 1981					-1	3							-9	-3		
March/April 1982					-1	3							-9	-3		
Oct./Nov. 1982						1	5							-5	-1	
March/April 1983						2	4							-4	-2	
Oct./Nov. 1983							3	10							-3	5
March/April 1984							3	13							-2	7

<sup>1</sup> The changes in volume are calculated by dividing the changes in value by the corresponding deflators for gross capital formation in the EC. For 1983 and 1984 forecast deflators are used.

**TABLE 2 : Industrial investment survey by branch**

Results of the March/April 1984 investment survey, % change in value, over the preceding year

	Basic materials industries (a)		Metallurgical industries		Mechanical industries		Processing industries (b)		Extractive industries		Food industries		Total, all industry	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984
B	+13	+12	-11	+16	-19	+25	+16	+18	:	:	+27	-9	-2	+15
DK (c)	+5	+46	+6	+110	+19	+55	+26	+71	:	:	+32	+62	+19	+60
D	0	+1	-24	+23	+4	+5	+8	+8	-4	-6	+4	+3	+1	+5
GR	-57	+79	+8	-53	-12	-13	-28	+44	:	:	-15	+28	-36	+23
F	+4	+25	+5	+83	+5	+15	+6	+6	-19	+19	+9	+21	+5	+20
IRL	+32	+19	-62	+129	+15	+19	0	-24			-17	+9	-1	+13
I	-12	+10	-9	-3	+10	+15	+12	-1	+1	+30	+12	+26	+3	+11
L	+68	-22	+11	-15	+120	-18	+16	-39	:	:	:	:	+20	-22
NL	+15	+55	+20	+29	-5	+20	-5	+24	0	+29	+11	+4	+5	+29
UK	+7	+9	-9	+21	+3	+19	+2	+26	:	:	+3	+13	+3	+16
EC (e)	+2	+12	-10	+35	+4	+13	+7	+12	:	:	+7	+12	+3	+13

**TABLE 3 : Industrial investment survey — all branches**

% change in value in relation to preceding year

Year to which data relate:	1980				1981				1982				1983				1984	
Date of survey:	Oct./ Nov. 1979	March/ April 1980	Oct./ Nov. 1980	March/ April 1981	Oct./ Nov. 1980	March/ April 1981	Oct./ Nov. 1981	March/ April 1982	Oct./ Nov. 1981	March/ April 1982	Oct./ Nov. 1982	March/ April 1983	Oct./ Nov. 1982	March/ April 1983	Oct./ Nov. 1983	March/ April 1984	Oct./ Nov. 1983	March/ April 1984
B (c)	+30	+41	+30	+36	+3	+8	+4	+4	-9	-3	+10	+18	-7	-9	-2	-2	+5	+15
DK (c)	:	:	:	:	:	:	:	:	:	:	+11	+4	+4	+11	+18	+19	+20	+60
D	+12	+15	+15	+16	+4	+2	0	-1	0	0	-2	-2	+3	+2	+2	+1	+2	+5
GR	:	:	:	:	:	:	+38	+42	-2	-6	-19	+6	-23	-35	-49	-36	+41	+23
F	+15	+16	+16	+16	+6	+5	-1	+3	+6	+5	+4	+6	+7	+6	+6	+5	+15	+20
IRL (c)	+12	+6,5	-3,5	+8	+2	-22	-16	-26	+33	+54	0	+27	+5	-18	-24	-1	+19	+13
I	+26	+31	+7	+10	+47	+17	+14	+10	:	+6	+8	+13	+13	+7	+3	+3	+8	+11
L (d)	-5	+7	-12,5	+17	0	-8	+17	-10	-20	+24	+1	+34	+17	-39	+13	+20	-6	-22
NL	+13	+18	+15	+17	-7	-2	-6	-8	-2	+6	-1	0	+11	+11	+6	+5	+25	+29
UK (c)	+4	+2	+6	+5	-7	-6	-11	-11	+7	+5	-4	-3	+5	+2	+2	+3	+15	+16
EC (e)	+14	+16	+13	+14	+6	+3	-1	-1	+3	+3	+1	+2	+5	+4	+3	+3	+10	+13

(a) Chemicals, man-made fibres, petroleum refining, rubber processing, etc.

(b) Manufacture of textiles, footwear, wood, paper, together with the printing and processing of plastics industries.

(c) Excluding the extractive industries.

(d) Excluding the extractive and food industries.

(e) Weighted total of the above (not given when data are substantially incomplete).

Source : European Community business surveys.



TABLE 4: Indicators of output and economic sentiment

		Trough 1974/75	1981	1982	1983	1983		1984		1984					
						III	IV	I	II	Jan.	Feb.	March	April	May	June
<b>B</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> 100		113,9 88,2	112,8 111,2	: 113,5	: 114,1	: 115,5	: 118,2	: :	: 116,0	: 117,8	: 120,8	: :	: :	: :
	1. industrial confidence indicator	-56	-27	-22	-20	-19	-14	-12	-15	-14	-11	-12	-15	-15	-14
	2. construction confidence indicator	-36	-47	-48	-57	-55	-60	-61	-57	-61	-61	-61	-59	-60	-52
	3. consumer confidence indicator <sup>1, 4</sup>	-18	-27	-27	-27	-26	-30	-28	-26	-28	:	:	-26	:	:
	4. share-price index <sup>4, 5</sup>	84,9	70,7	86,8	111,7	119,5	118,4	132,8	138,1	135,5	130,1	132,8	141,1	140,5	132,8
	= 5. economic sentiment indicator <sup>6</sup>	99,3	97,8	99,0	99,5	99,4	99,1	99,6	99,8	99,4	99,6	99,7	99,7	99,8	99,9
<b>D</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> <sup>3</sup> 100		99,0 97,9	118,6 116,3	117,2 112,9	118,7 113,6	120,2 116,8	121,6 118,2	: :	: 117,8	: 120,3	: 116,3	: 116,7	: :	: :
	1. industrial confidence indicator	-49	-30	-33	-21	-17	-19	-8	-10	-8	-8	-9	-10	-10	-10
	2. construction confidence indicator	-72	-48	-59	-40	-35	-37	-43	-53	-41	-43	-45	-52	-54	-53
	3. consumer confidence indicator <sup>1, 4</sup>	-22	-22	-26	-12	-11	-11	-8	:	-7	-9	-9	-9	-7	-14
	4. share-price index <sup>4, 5</sup>	80,0	108,7	108,3	136,9	139,2	145,7	134,3	132,0	136,7	133,6	132,7	133,5	131,9	130,6
	= 5. economic sentiment indicator <sup>6</sup>	98,8	98,9	98,2	101,3	101,7	102,3	101,6	101,4	101,8	101,5	101,5	101,3	101,3	100,7
<b>F</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> 100		98,5 86,9	117,8 115,5	119,9 113,7	121,0 114,6	120,8 115,8	121,6 115,5	: 117,3	: :	: 117,3	: 116,4	: 118,1	: 114,6	: :
	1. industrial confidence indicator	-49	-30	-17	-23	-28	-22	-25	-22	-26	-25	-23	-24	-20	-21
	2. construction confidence indicator	:	-36	-49	-52	-59	-57	-58	-60	-58	:	:	-60	:	:
	3. consumer confidence indicator <sup>1, 4</sup>	-9	-9	-5	-16	-18	-19	-20	-22	-20	:	:	-22	:	:
	4. share-price index <sup>4, 5</sup>	79,8	131,5	131,0	172,3	179,6	198,8	224,2	233,4	227,7	223,8	221,1	233,9	236,1	230,2
	= 5. economic sentiment indicator <sup>6</sup>	98,1	98,9	98,9	97,4	96,5	97,0	96,7	96,5	96,8	96,7	96,6	96,5	96,6	96,4
<b>IRL</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> 100		: 96,3	123,6 136,2	: 135,6	: 144,6	: 144,9	: 149,8	: 154,6	: :	: 148,0	: 153,6	: 162,1	: :	: :
	1. industrial confidence indicator	-41	-18	-19	-20	-17	-12	-7	-10	-4	-7	-11	-11	-13	-7
	2. construction confidence indicator	:	-33	-51	-60	-58	-44	-61	:	-63	-46	-73	-30	-42	-43
	3. consumer confidence indicator <sup>1, 4</sup>	-41	-28	-34	-40	-41	-38	-33	-32	-33	:	:	-32	:	:
	4. share-price index <sup>4, 5</sup>	63,4	219,9	179,9	222,4	249,7	272,7	309,6	325,1	291,9	326,4	310,4	305,1	335,2	335,0
	= 5. economic sentiment indicator <sup>6</sup>	97,7	102,0	101,4	101,3	101,1	101,8	101,4	101,6	101,3	101,7	101,4	101,4	101,4	101,9
<b>I</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> 100		93,1 94,7	120,9 128,3	120,5 124,4	119,0 120,3	118,9 120,9	120,1 121,6	: 122,9	: :	: 122,2	: 121,0	: 125,4	: 119,9	: :
	1. industrial confidence indicator	-59	-31	-31	-29	-27	-23	-17	-10	-18	-17	-17	-14	-8	-9
	2. construction confidence indicator	-56	-18	-29	-36	-37	-35	-34	-33	-40	-39	-23	-34	-34	-30
	3. consumer confidence indicator <sup>1, 4</sup>	-39	-22	-18	-23	-22	-22	-18	-15	-20	-18	-16	-18	-14	-14
	4. share-price index <sup>4, 5</sup>	84,6	160,0	129,9	159,9	161,9	161,3	182,9	174,3	180,0	184,4	184,4	181,3	177,1	164,5
	= 5. economic sentiment indicator <sup>6</sup>	99,1	102,1	101,8	101,7	101,4	101,2	102,3	102,8	102,0	102,3	102,7	102,4	103,0	103,0
<b>NL</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> 100		: 98,0	112,1 110,1	111,1 105,6	: 107,8	: 107,1	: 109,0	: 114,2	: :	: 114,6	: 113,5	: 114,6	: 112,3	: :
	1. industrial confidence indicator	-44	-25	-26	-16	-15	-12	-7	-4	-9	-6	-6	-4	-4	-4
	2. construction confidence indicator	-47	-32	-41	-35	-32	-27	-27	-23	-26	-28	-27	-26	-23	-20
	3. consumer confidence indicator <sup>1, 4</sup>	-19	-31	-32	-30	-28	-28	-26	-23	-26	:	:	-23	:	:
	4. share-price index <sup>4, 5</sup>	80,5	98,9	100,0	144,4	154,1	158,8	181,0	175,9	185,7	180,2	177,2	177,5	179,4	170,8
	= 5. economic sentiment indicator <sup>6</sup>	99,6	98,3	97,8	99,3	99,5	99,8	100,4	100,8	100,3	100,4	100,5	100,7	100,9	100,8
<b>UK</b>	<i>gross domestic product</i> 1975= <i>index of industrial production</i> 100		98,1 97,0	106,9 104,2	109,5 106,0	113,5 109,1	112,7 109,9	114,9 111,4	115,1 111,5	: :	: 113,0	: 111,3	: 110,2	: 110,0	: :
	1. industrial confidence indicator	:	-33	-25	-10	-6	-3	+ 2	- 2	+ 1	+ 3	+ 1	- 2	- 2	- 3
	2. construction confidence indicator	:	-51	-42	-30	-30	-28	-28	-31	-28	:	:	-31	:	:
	3. consumer confidence indicator <sup>1, 4</sup>	-33	-21	-12	-2	0	-1	-2	-2	+ 2	-4	-4	-2	-1	-4
	4. share-price index <sup>4, 5</sup>	49,2	237,0	274,6	346,1	358,6	357,0	394,1	401,4	386,3	386,1	410,0	410,9	403,4	390,0
	= 5. economic sentiment indicator <sup>6</sup>	95,0	100,9	101,8	103,0	103,1	103,1	103,3	103,0	103,5	103,2	103,2	103,1	103,1	102,8
<b>EC</b>	<i>gross domestic product</i> <sup>2, 3</sup> 1975= <i>index of industrial production</i> 100		99,0 96,8	116,4 114,5	117,0 112,7	118,4 113,7	118,1 114,0	119,6 115,8	: 116,8	: :	: 117,4	: 116,4	: 116,6	: 115,1	: :
	1. industrial confidence indicator	-49	-31	-27	-20	-18	-14	-11	-11	-12	-11	-11	-12	-10	-10
	2. construction confidence indicator	:	-39	-43	-41	-41	-40	-42	-46	-43	(-43)	(-40)	-46	(-46)	(-45)
	3. consumer confidence indicator <sup>1, 4</sup>	-17	-19	-17	-14	-14	-15	-13	-13	-12	-13	-13	-13	-12	-15
	4. share-price index <sup>4, 5</sup>	81,8	170,2	187,2	244,3	255,7	260,8	282,6	284,5	281,6	275,8	290,6	290,0	286,2	277,3
	= 5. economic sentiment indicator <sup>6</sup>	97,4	99,9	100,1	102,2	102,8	103,1	103,4	103,0	103,6	103,4	103,3	103,0	103,3	102,6

<sup>1</sup> Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the method of construction of the indicator, see: *European Economy — Supplement C*.

<sup>2</sup> Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

<sup>3</sup> For the Federal Republic of Germany, gross national product for quarterly data.

<sup>4</sup> Not seasonally adjusted.

<sup>5</sup> Revised by Eurostat.

<sup>6</sup> The weight given to the share price index in the economic indicator has been reduced — see note on p. 8.

Note: For definitions of series 1 to 5, see Tables 5 and 6 and box on page 8.

Source: European Community business surveys and Eurostat.

**TABLE 5: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)**  
**Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)**

		Range (c)		1981	1982	1983	1983		1984		1984					
		Peak 1972/73	Trough 1974/75				III	IV	I	II	Jan.	Feb.	March	April	May	June
<b>B</b>	production expectations	+31	-56	-26	-18	-16	-15	-6	-2	-5	-4	-3	0	-7	-4	-4
	order-books	+13	-74	-45	-40	-34	-33	-28	-23	-25	-26	-21	-23	-24	-26	-24
	export order-books	+15	-82	-47	-40	-34	-31	-30	-26	-27	-28	-24	-25	-26	-28	-25
	stocks of finished products	-14	+37	+11	+8	+9	+9	+9	+11	+14	+11	+10	+12	+14	+15	+14
	selling-price expectations	+64	-10	+29	+28	+24	+25	+24	+30	+23	+28	+31	+30	+25	+21	+23
	industrial confidence indicator	+19	-56	-27	-22	-20	-19	-14	-12	-15	-14	-11	-12	-15	-15	-14
<b>DK</b>	production expectations	:	:	-3	+3	+8	+8	+18	+30	+23	:	:	:	:	:	:
	order-books	:	:	-24	-17	-3	0	+10	+24	+32	:	:	:	:	:	:
	export order-books	:	:	-8	-4	-3	-4	+3	+18	+27	:	:	:	:	:	:
	stocks of finished products	:	:	+19	+16	+9	+8	+3	+2	+9	:	:	:	:	:	:
	selling-price expectations	:	:	-13	-10	-2	0	+8	+17	+15	:	:	:	:	:	:
	industrial confidence indicator	:	:	-13	-10	-2	0	+8	+17	+15	:	:	:	:	:	:
<b>D</b>	production expectations	+17	-32	-17	-20	-2	+1	+6	+7	+1	+10	+7	+4	+2	+2	0
	order-books	-5	-73	-46	-53	-43	-40	-31	-24	-22	-25	-24	-22	-22	-23	-22
	export order-books	:	:	-33	-40	-43	-44	-38	-33	-25	-34	-32	-31	-24	-27	-24
	stocks of finished products	-7	+43	+26	+26	+17	+13	+9	+8	+9	+8	+8	+8	+9	+10	+7
	selling-price expectations	+55	+4	+32	+18	+16	+21	+23	+25	+24	+25	+27	+24	+24	+22	+26
	industrial confidence indicator	+10	-49	-30	-33	-21	-17	-11	-8	-10	-8	-8	-9	-10	-10	-10
<b>F</b>	production expectations	+33	-29	-11	-4	-13	-18	-12	-17	-10	-17	-18	-15	-12	-11	-8
	order-books	+26	-69	-46	-30	-38	-42	-39	-37	-35	-39	-38	-35	-37	-32	-37
	export order-books	+24	-66	-47	-36	-38	-39	-26	-22	-17	-24	-21	-21	-14	-17	-20
	stocks of finished products	-14	+50	+34	+16	+18	+23	+16	+20	+20	+21	+18	+20	+24	+16	+19
	selling-price expectations	+76	+15	+54	+49	+45	+46	+43	+51	+42	+52	+52	+49	+40	+41	+45
	industrial confidence indicator	+29	-49	-30	-17	-23	-28	-22	-25	-22	-26	-25	-23	-24	-20	-21
<b>IRL</b>	production expectations	:	-21	-1	-4	-8	-6	-6	+7	-4	+2	+6	+12	+2	-1	+10
	order-books	:	-68	-36	-39	-44	-41	-32	-27	-27	-19	-22	-39	-24	-32	-26
	export order-books	:	-22	+2	-7	0	+4	+14	+11	+11	+22	+2	+9	+9	+4	+21
	stocks of finished products	:	+35	+16	+14	+8	+4	-1	+2	+7	-6	+4	+7	+11	+5	+4
	selling-price expectations	:	+64	+41	+35	+31	+30	+33	+39	+32	+32	+42	+43	+30	+30	+36
	industrial confidence indicator	:	-41	-18	-19	-20	-17	-12	-7	-10	-4	-7	-11	-11	-13	-7
<b>I</b>	production expectations	+40	-43	-16	-15	-11	-7	-6	+5	+9	+5	+5	+4	+8	+12	+8
	order-books	+30	-82	-49	-53	-54	-50	-45	-37	-26	-42	-35	-35	-31	-25	-23
	export order-books	+13	-67	-45	-49	-49	-47	-40	-35	-25	-37	-34	-34	-29	-20	-26
	stocks of finished products	-24	+53	+28	+25	+22	+23	+17	+19	+14	+17	+20	+20	+19	+12	+11
	selling-price expectations	+76	+10	+59	+50	+45	+43	+49	+52	+48	+48	+56	+52	+52	+46	+47
	industrial confidence indicator	+31	-59	-31	-31	-29	-27	-23	-17	-10	-18	-17	-17	-14	-8	-9
<b>L</b>	production expectations	+84	-80	-39	-40	-7	+5	-1	-20	-15	+4	-17	-47	-38	+2	-8
	order-books	:	:	-62	-60	-49	-45	-28	+4	+11	0	+7	+5	+6	+7	+19
	export order-books	:	:	-81	:	-57	-58	-38	+7	+10	+2	+9	+10	+8	+6	+17
	stocks of finished products	-14	+74	+28	+14	+23	+20	0	+7	+8	-2	-18	-5	+9	+9	+6
	selling-price expectations	:	-46	+60	+10	+24	+34	-6	+24	+15	+38	+35	0	-3	+19	+29
	industrial confidence indicator	:	:	-43	-38	-26	-20	-9	-3	-4	+2	-1	-12	-13	0	+2
<b>NL</b>	production expectations	+26	-26	-6	-5	0	+1	+5	+6	+7	+8	+6	+4	+7	+7	+6
	order-books	+7	-48	-37	-39	-32	-31	-27	-18	-11	-22	-17	-14	-12	-11	-10
	stocks of finished products	-3	+57	+32	+33	+15	+15	+13	+9	+8	+13	+7	+8	+8	+8	+8
	industrial confidence indicator	+12	-44	-25	-26	-16	-15	-12	-7	-4	-9	-6	-6	-4	-4	-4
<b>UK</b>	production expectations	:	:	-4	+1	+17	+22	+25	+27	+18	+24	+29	+28	+16	+19	+19
	order-books	:	:	-69	-54	-34	-29	-24	-12	-12	-13	-11	-13	-10	-13	-13
	export order-books	:	:	-55	-48	-34	-32	-21	-17	-17	-17	-17	-16	-19	-16	-15
	stocks of finished products	:	:	+27	+23	+13	+11	+9	+9	+12	+9	+8	+11	+11	+12	+14
	selling-price expectations	:	:	+25	+27	+26	+26	+30	+34	+27	+38	+34	+31	+31	+25	+25
	industrial confidence indicator	:	:	-33	-25	-10	-6	-3	+2	-2	+1	+3	+1	-2	-2	-3
<b>EC</b>	production expectations	+24	-30	-13	-11	-3	-1	+3	+5	+3	+6	+5	+4	+2	+4	+4
	order-books	+15	-70	-51	-47	-40	-39	-33	-26	-23	-28	-25	-24	-24	-24	-22
	export order-books	:	:	-41	-41	-41	-40	-32	-27	-22	-29	-26	-25	-22	-22	-21
	stocks of finished products	-10	+48	+28	+22	+16	+16	+12	+13	+13	+13	+12	+13	+14	+11	+13
	selling-price expectations	+64	+9	+40	+32	+30	+32	+33	+38	+33	+38	+39	+36	+34	+31	+33
	industrial confidence indicator	+16	-49	-31	-27	-20	-18	-14	-11	-11	-12	-11	-11	-12	-10	-10

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) Details of the questions are given on the last page.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981).

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 6: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1981	1982	1983	1983		1984		1984					
		Peak 72/73	Trough 74/75				III	IV	I	II	Jan.	Feb.	March	April	May	June
<b>B</b>	order-books	-13	-47	-53	-61	-73	-73	-74	-72	-69	-71	-73	-73	-72	-71	-63
	employment expectations	+31	-24	-41	-36	-41	-37	-45	-50	-45	-51	-49	-50	-46	-48	-41
	price expectations	+75	+25	+8	-1	-11	-8	-13	-13	-10	-11	-17	-11	-16	-9	-5
	construction confidence indicator (a)	+9	-36	-47	-49	-57	-55	-60	-61	-57	-61	-61	-61	-59	-60	-52
<b>D</b>	order-books	-17	-84	-61	-73	-60	-56	-54	-59	-70	-56	-59	-61	-70	-72	-68
	employment expectations	+10	-60	-35	-44	-20	-14	-20	-27	-36	-25	-27	-29	-33	-36	-38
	price expectations	+48	-37	-41	-28	+3	+8	+11	3	-22	+6	-3	-11	-17	-27	-21
	construction confidence indicator (a)	-4	-72	-48	-59	-40	-35	-37	-43	-53	-41	-43	-45	-52	-54	-53
<b>F</b>	order-books	:	:	-48	-62	-66	-70	-72	-69	-73	-69	:	:	-73	:	:
	employment expectations	:	:	-24	-35	-37	-47	-41	-47	-47	-47	:	:	-47	:	:
	price expectations	:	:	-36	-49	-52	-59	-57	-58	-60	-58	:	:	-60	:	:
	construction confidence indicator (a)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>I</b>	order-books	-25	-68	-29	-44	-48	-50	-42	-45	-45	-49	-53	-32	-44	-43	-48
	employment expectations	+10	-44	-7	-13	-23	-24	-27	-23	-20	-31	-24	-13	-23	-24	-12
	price expectations	+85	+30	+71	+54	+14	+10	+12	+13	+8	+14	+7	+18	+9	+5	+9
	construction confidence indicator (a)	-8	-56	-18	-29	-36	-37	-35	-34	-33	-40	-39	-23	-34	-34	-30
<b>L</b>	order-books	+21	-50	-21	-46	-53	-49	-58	-75	-73	-74	-74	-78	-79	-70	-69
	employment expectations	+31	-39	-6	-25	-36	-39	-40	-67	-49	-59	-75	-66	-45	-48	-54
	price expectations	+82	+11	+30	+17	-16	-22	-25	-33	-33	-31	-30	-39	-49	-28	-22
	construction confidence indicator (a)	+26	-45	-14	-36	-45	-44	-49	-71	-61	-67	-75	-72	-62	-59	-62
<b>NL</b>	order-books	-8	-81	-50	-57	-55	-54	-48	-47	-40	-47	-49	-45	-45	-40	-36
	employment expectations	+14	-13	-14	-25	-14	-9	-5	-7	-5	-5	-6	-8	-6	-6	-3
	price expectations	+3	-47	-32	-41	-35	-32	-27	-27	-23	-26	-28	-27	-26	-23	-20
	construction confidence indicator (a)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>UK</b>	order-books	:	:	-60	-59	-48	-46	-47	-43	-49	-43	:	:	-49	:	:
	employment expectations	:	:	-42	-25	-12	-13	-9	-12	-12	-12	:	:	-12	:	:
	price expectations	:	:	-16	0	+11	+15	+12	+14	+7	+14	:	:	+7	:	:
	construction confidence indicator (a)	:	:	-51	-42	-30	-30	-28	-28	-31	-28	:	:	-31	:	:
<b>EC</b>	order-books	:	:	-51	-61	-57	-57	-55	-56	-61	-56	(-57)	(-52)	-61	(-61)	(-60)
	employment expectations	:	:	-28	-24	-24	-24	-24	-28	-30	-29	(-28)	(-27)	-30	(-31)	(-29)
	price expectations	:	:	-39	-43	-41	-41	-40	-42	-46	-43	(-43)	(-40)	-46	(-46)	(-45)
	construction confidence indicator (a)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

## European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1982. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

### QUESTIONS

#### Manufacturing industry, excluding food, beverages and tobacco

##### Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

##### Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

#### All industries, including manufacturing, extractive and food

##### Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

#### Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

##### Quarterly (January, April, July and October):

- duration of assured production: in months?

#### The surveys are undertaken by:

- B** — Belgium: Banque Nationale de Belgique
- DK** — Denmark: Danmarks Statistik
- D** — Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR** — Greece: Institute of Economic and Industrial Research
- F** — France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL** — Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I** — Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L** — Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL** — Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK** — United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey  
— BSO (Business Statistics Office), for the investment survey  
— Building Employers Confederation, for the construction survey.

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches: the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

#### ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) and the share price index is attributed half the weight of each of the other three. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

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